

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
State/Territory: MONTANA

Citation	Condition or Requirement
1906 of the Act	State Method on Cost Effectiveness of Employer-Based Group Health Plans

Plan 1

- A. Data regarding premium cost, deductible, coinsurance coverage, and coinsurance are collected initially.
- B. [The annual premium cost, coinsurance, and deductible are totalled along with administrative costs of \$100 per Medicaid eligible person on the case or eligible for insurance.]
- C. Medicaid costs (for services covered on the insurance plan) for similar age and sex persons on the case are totalled. This total is multiplied by the co-pay rate.
- D. If the total in "C" is less than the total in "B", <sup>insurance company's</sup> health insurance payment is considered cost effective.

Plan 2

- A. All steps are completed in Plan 1. If policy is not cost effective, review of medical diagnoses is considered.
- B. A medical information questionnaire is sent to the client. Once the questionnaire is returned, it is evaluated for high cost illnesses.
- C. If a high cost diagnosis is found and it is not excluded as a preexisting condition, DRG costs for the illness are reviewed. If the DRG costs are higher than the insurance costs, the plan is considered to be cost effective.

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